



# Internal Audit Annual Report The Texas State University System Office of Internal Audit

Fiscal Year Ending August 31, 2021



## TABLE OF CONTENTS

I. Compliance with Texas Government Code, Section 2102.015.....	1
II. Audit and Compliance Plan for Fiscal Year 2021.....	2
III. Consulting Services and Nonaudit Services Completed.....	14
IV. External Quality Assurance Review (Peer Review).....	18
V. Audit and Compliance Plan for Fiscal Year 2022.....	21
VI. External Audit Services Procured in Fiscal Year 2021 .....	27
VII. Reporting Suspected Fraud and Abuse.....	28

## **I. Compliance with Texas Government Code, Section 2102.015: Posting the Internal Audit Plan, Internal Audit Annual Report, and Other Audit information on Internet Website**

Texas Government Code Section 2102.015 requires state agencies and higher education institutions to post certain information on their internet websites. The Texas State University System (TSUS) Office of Internal Audit ensures compliance with Section 2102.015 through the following procedures:

- Posting its annual audit and compliance plan to the Office of Internal Audit webpages of the TSUS and components' websites within 30 days after formal approval by the Board of Regents ("the Board"). The Fiscal Year 2022 Audit and Compliance Plan was approved by the Board on August 13, 2021 and has been posted as required.
- Posting this *Internal Audit Annual Report for Fiscal Year 2021* to the Office of Internal Audit webpages of the TSUS and components' websites within 30 days of distributing the report to the Finance & Audit Committee of the Board.
- Including in the quarterly board materials, posted on the TSUS website, a detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by audit and compliance plan projects and a detailed summary of the actions taken by management to address resultant recommendations.

The TSUS Office of Internal Audit reserves the right to not post information contained in the audit and compliance plan, reports, or this *Internal Audit Annual Report* if the information is exempt from public disclosure under Chapter 552 of the Texas Government Code.

## II. Audit and Compliance Plan for Fiscal Year 2021

The TSUS Office of Internal Audit prepares a consolidated audit and compliance plan (“Plan”) for System Administration and its components. The following is a listing of all projects included in the Plan for fiscal year 2021, amended to include the status of the projects as of August 31, 2021, the report titles, report numbers (if applicable), and dates the reports were issued to external oversight entities.

### SYSTEM ADMINISTRATION STATUS OF PROJECTS IN FISCAL YEAR 2021 AUDIT AND COMPLIANCE PLAN

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
TSUS Policy Alignment	In progress.
Construction Audits (Outsourced)	In progress: <ul style="list-style-type: none"> <li>➤ LIT: Technical Training &amp; Education Building</li> <li>➤ LU: Setzer Center</li> <li>➤ SHSU: Arts Complex</li> <li>➤ SHSU: College of Osteopathic Medicine</li> <li>➤ Texas State: Ingram Hall</li> <li>➤ Texas State: University Events Center</li> </ul>
Multi-Hazard Compliance Review	Completed. System-wide report: Management Advisory Letter – Multi-hazard Operations and Active Attack Response Plan, 5-11-2021.
TAC 202 and Cybersecurity	Completed. System-wide report: Management Advisory Letter – TAC 202 and Cybersecurity Summary 2021 1 14, 1-15-2021.
Foreign Gifts, Grants, and Contracts Compliance Review	In progress.
Title IX Quarterly and Annual Reporting	Completed. Quarterly reports submitted to Chancellor as required. Annual report submitted to the Texas Higher Education Coordinating Board on October 30, 2020.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2021 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2022 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-27-2020.
Continuing Education	Completed. Activity does not result in a report.

Special Projects	<ul style="list-style-type: none"> <li>➤ Review of Hazlewood exemption request – completed. Internal memorandum issued 12-7-2020.</li> <li>➤ Respond to multiple Open Records Requests - completed.</li> <li>➤ Researched component policies regarding workloads, overloads, and applicable reporting in advance of a proposed Rule change.</li> <li>➤ D. Stafford and Associates system-wide review of Annual Security Reports - in progress.</li> <li>➤ EthicsPoint #29 – in progress.</li> <li>➤ Updated information for all components for the system-wide fraud reporting hotline.</li> <li>➤ Required migration to TeamMate+ - completed.</li> </ul>
SACSCOC Assistance	On-going. Activity does not result in a report issued by the Office of Internal Audit.
Respond to System Administration Requests	On-going. Activity does not result in a report.
Component Audit Assistance	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the TSUS Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ State Auditor’s Office, Statewide Single Audit Follow-up.</li> <li>➤ Comptroller’s Office, Auditec Recovery Audit.</li> <li>➤ R.L. Townsend &amp; Associates, Construction Audits (Delegation 758-2018-002) <ul style="list-style-type: none"> <li>. LIT: Technical Training &amp; Education Building</li> <li>. LU: Setzer Center</li> <li>. SHSU: Arts Complex</li> <li>. SHSU: College of Osteopathic Medicine</li> <li>. Texas State: Ingram Hall</li> <li>. Texas State: University Events Center</li> </ul> </li> <li>➤ Allman &amp; Associates, TSUS Foundation Audit (Delegation 758-2020-003).</li> </ul>
Compliance Program Enhancements	On-going. Activity does not result in a report.
Compliance Newsletter	Completed. Newsletters issued in November 2020, February 2021, May 2021, and August 2021.
Compliance Risk Universe	On-going. Activity does not result in a report.

**LAMAR INSTITUTE OF TECHNOLOGY  
STATUS OF PROJECTS IN FISCAL YEAR 2021 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going	On-going. Activity does not result in a report.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
TAC 202 and Cybersecurity	Completed. Internal report issued, TSUS 19-005 Cybersecurity-LIT 2021 1 14, 1-14-2021.
Construction Audit - TT & E Building (Outsourced)	In progress.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2021 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2022 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-27-2020.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ LIT-21-001 AHI Facility Services, Inc. Vendor Compliance and Performance, 8-17-2021.</li> <li>➤ Respond to multiple Open Records Requests - completed.</li> <li>➤ Required migration to TeamMate+ - completed.</li> </ul>
SACSCOC Assistance	On-going. Activity does not result in a report issued by the Office of Internal Audit.
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report issued by the Office of Internal Audit. <ul style="list-style-type: none"> <li>➤ THECB Compliance Monitoring Desk Review of Formula Funding.</li> <li>➤ THECB Single Audit Act Amendments of 1996.</li> <li>➤ Belt Harris Pechacek, LLLP, Program Specific Student Financial Assistance Cluster (Title IV) Audit (Delegation 789-2019-001).</li> </ul>

**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2021**

Project/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Special Projects	EthicsPoint #28 (through System Administration) – closed within the hotline system.

**LAMAR STATE COLLEGE - ORANGE**  
**STATUS OF PROJECTS IN FISCAL YEAR 2021 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going	On-going. Activity does not result in a report.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
TAC 202 and Cybersecurity	Completed. Internal report issued, TSUS 19-006 Cybersecurity-LSCO 2021 1 14, 1-14-2021.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2021 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2022 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-27-2020.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ EthicsPoint #4 – closed within the hotline system.</li> <li>➤ Respond to multiple Open Records Requests - completed.</li> <li>➤ Required migration to TeamMate+ - completed.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report issued by the Office of Internal Audit. <ul style="list-style-type: none"> <li>➤ THECB Single Audit Act Amendments of 1996.</li> <li>➤ Comptroller's Office, Statewide Desk Audit of Promotional Items.</li> <li>➤ Belt Harris Pechacek, LLLP, Program Specific Student Financial Assistance Cluster (Title IV) Audit (Delegation 787-2020-001).</li> </ul>

**LAMAR STATE COLLEGE - PORT ARTHUR**  
**STATUS OF PROJECTS IN FISCAL YEAR 2021 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going	On-going. Activity does not result in a report.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
TAC 202 and Cybersecurity	Completed. Internal report issued, TSUS 19-007 Cybersecurity-LSCPA 2021 1 14, 1-14-2021.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2021 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2022 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-27-2020.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ Port Arthur Foundation Review – in progress.</li> <li>➤ Respond to multiple Open Records Requests - completed.</li> <li>➤ Required migration to TeamMate+ - completed.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ THECB Desk Review of the Carl D. Perkins Career and Technical Improvement Act of 2006.</li> <li>➤ THECB Single Audit Act Amendments of 1996.</li> </ul>



**LAMAR UNIVERSITY**  
**STATUS OF PROJECTS IN FISCAL YEAR 2021 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT - On-Going	On-going. Activity does not result in a report.
Logical Access Review	In progress.
Sick Leave Pool	In progress.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
TAC 202 and Cybersecurity	Completed. Internal report issued, TSUS 19-001 Cybersecurity-LU 2021 1 14, 1-14-2021.
Construction Audit – Setzer Center (Outsourced)	In progress.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2021 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2022 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-27-2020.
Continuing Education	Completed. Activity does not result in a report.
KVLU-FM Radio Station (Audit Delegation 734-2020-001)	Completed. KVLU FS 2020 Final, 4-22-2021.
NCAA Agreed-Upon Procedures (Audit Delegation 734-2020-002)	Completed. Lamar University AUP Final FYE 2020, 1-21-2021.
Special Projects	<ul style="list-style-type: none"> <li>➤ Management requested review - CICE: in progress.</li> <li>➤ SAO Hotline Complaint 20-3783 – completed. Written response provided to the SAO on 11-13-2020.</li> <li>➤ SAO Hotline Complaint 21-5063 – in progress.</li> <li>➤ EthicsPoint #89 – closed within the hotline system.</li> <li>➤ EthicsPoint #90 – closed within the hotline system.</li> <li>➤ EthicsPoint #91 – in progress.</li> <li>➤ EthicsPoint #92 – closed within the hotline system.</li> <li>➤ EthicsPoint #93 – in progress.</li> <li>➤ EthicsPoint #94 – closed within the hotline system.</li> <li>➤ EthicsPoint #95 – closed within the hotline system.</li> <li>➤ Sick Leave Pool – in progress.</li> </ul>

	<ul style="list-style-type: none"> <li>➤ Developed and executed a service level agreement for server management and security in advance of moving a server owned by the Office of Internal Audit from leased space to the Lamar University data center.</li> <li>➤ Respond to multiple Open Records Requests - completed.</li> <li>➤ Required migration to TeamMate+ - completed.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ THECB Compliance Monitoring Desk Review of the TEXAS Grant.</li> <li>➤ THECB Compliance Monitoring Desk Review of Formula Funding.</li> <li>➤ THECB Single Audit Act Amendments of 1996.</li> <li>➤ Weaver and Tidwell, L.L.P., Intercollegiate Athletics Agreed-Upon Procedures (Delegation 734-2020-002).</li> <li>➤ Mitchell T. Fontenote CPA, Inc., KVLU Financial Statements Together with Auditor's Report (Delegation 734-2020-001).</li> <li>➤ Belt Harris Pechacek, LLLP, Annual Financial Report and Independent Accountant's Review Report for Fiscal Year 2019 (Delegation 734-2019-001).</li> <li>➤ Comptroller's Office, Benefit Replacement Pay Audit.</li> <li>➤ Comptroller's Office, Post Payment Audit.</li> <li>➤ Comptroller's Office, Statewide Desk Audit of Promotional Items.</li> <li>➤ Comptroller's Office, Auditec Recovery Audit.</li> <li>➤ State Auditor's Office, Statewide Single Audit Follow-Up.</li> <li>➤ Department of Education, Office of Inspector General, HEERF II funds.</li> </ul>

#### PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2021

Project/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Special Project	SAO Hotline Complaint 20-3006 – completed. No report issued (response not requested).

**SAM HOUSTON STATE UNIVERSITY  
STATUS OF PROJECTS IN FISCAL YEAR 2021 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
IT Integrated (Business Continuity and Disaster Recovery) Audit	Postponed. Internal memorandum issued 3-15-2021.
Scholarships	In progress.
Network Security	In progress.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
TAC 202 and Cybersecurity	Completed. Internal report issued, TSUS 19-002 Cybersecurity-SHSU 2021 1 14, 1-14-2021.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2021 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2022 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-27-2020.
Continuing Education	Completed. Activity does not result in a report.
NCAA Agreed-Upon Procedures	Completed. NCAA Financial Statement Compilation (Fiscal Year 2020), SHSU-20-001, 1-20-2021.
Special Projects	<ul style="list-style-type: none"> <li>➤ SAO Complaint 20-0218 - in progress.</li> <li>➤ SAO Hotline Complaint 21-1157 – closed, no response requested.</li> <li>➤ SAO Hotline Complaint 21-5458 – in progress.</li> <li>➤ EthicsPoint #81 - in progress.</li> <li>➤ EthicsPoint #82 - in progress.</li> <li>➤ EthicsPoint #86 - closed within the hotline system.</li> <li>➤ EthicsPoint #87 - closed within the hotline system.</li> <li>➤ EthicsPoint #88 - in progress.</li> <li>➤ EthicsPoint #89 - closed within the hotline system.</li> <li>➤ EthicsPoint #90 - closed within the hotline system.</li> <li>➤ Banner Access Review at SRSU – completed. Results discussed with management.</li> <li>➤ Respond to multiple Open Records Requests - completed.</li> <li>➤ Required migration to TeamMate+ - completed.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.

Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ State Auditor's Office, Statewide Single Audit Follow-Up.</li> <li>➤ State Auditor's Office, Benefits Proportionality.</li> <li>➤ Comptroller's Office Benefit Replacement Pay Audit.</li> <li>➤ Comptroller's Office, Statewide Desk Audit of Promotional Items.</li> <li>➤ Comptroller's Office, Auditec Recovery Audit.</li> <li>➤ Belt Harris Pechacek, LLLP, Charter School Annual Financial Report FYE 8-31-2020 (Delegation 753-2021-001).</li> <li>➤ Webb &amp; Wells, PC, Intercollegiate Athletics Agreed-Upon Procedures (Delegation 753-2021-002).</li> <li>➤ DOE, OCR Review 06-17-2047.</li> </ul>
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**PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2021**

Project/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Special Projects	➤ EthicsPoint #80 – closed within the hotline system.

**SUL ROSS STATE UNIVERSITY  
STATUS OF PROJECTS IN FISCAL YEAR 2021 AUDIT AND COMPLIANCE PLAN**

<b>Project/Activity</b>	<b>Status, Report Title/Report Number, and Date Issued to External Oversight Entities</b>
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
TAC 202 and Cybersecurity	Completed. Internal report issued, TSUS 19-003 Cybersecurity-SRSU 2021 1 14, 1-14-2021.
Grants/Title IV	In progress.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2021 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2022 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-27-2020.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ EthicsPoint #13 – closed within the hotline system.</li> <li>➤ EthicsPoint #14 – closed within the hotline system.</li> <li>➤ EthicsPoint #15 – closed within the hotline system</li> <li>➤ EthicsPoint #16 – in progress.</li> <li>➤ EthicsPoint #17 – closed within the hotline system.</li> <li>➤ EthicsPoint #18 – closed within the hotline system.</li> <li>➤ EthicsPoint #19 – in progress.</li> <li>➤ EthicsPoint #20 – in progress.</li> <li>➤ Banner Access Review with SHSU – completed. Results discussed with management.</li> <li>➤ Accounts receivable data validation – completed. Results discussed with management.</li> <li>➤ Supplemental testing of enrollment data for the THECB – in progress.</li> <li>➤ Respond to multiple Open Records Requests - completed.</li> <li>➤ Required migration to TeamMate+ - completed.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	On-going. Activity does not result in a report issued by the Office of Internal Audit. <ul style="list-style-type: none"> <li>➤ THECB Compliance Monitoring Desk Review of Formula Funding.</li> </ul>

**TEXAS STATE UNIVERSITY**  
**STATUS OF PROJECTS IN FISCAL YEAR 2021 AUDIT AND COMPLIANCE PLAN**

Project/Activity	Status, Report Title/Report Number, and Date Issued to External Oversight Entities
Missing, Stolen, and Off-site Computer Equipment Audit	Completed. TXST-21-001 Missing, Stolen, and Off-site Computer Equipment 01 29 2021, 2-2-2021.
Business Continuity Program Audit	Completed. TXST-21-003 Business Continuity Program Audit 04 28 2021, 5-11-2021.
Laboratory Safety	In progress.
Research Compliance	In progress.
Procurement of Technology Services from External Vendors	In progress.
Monitoring of Electronic Access to Physical Structures	Deferred to Fiscal Year 2022 Audit and Compliance Plan.
Athletics Compliance	Deferred to Fiscal Year 2022 Audit and Compliance Plan.
SB 20 - Annual Review	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
SB 20 - Contract Administration	Completed. System-wide report: Management Advisory Letter - Senate Bill 20 Required Audits for Fiscal Year 2021, 8-30-2021.
TAC 202 and Cybersecurity	Completed. Internal report issued, TSUS 19-004 Cybersecurity-TxSt 2021 1 14, 1-14-2021.
Follow-Up Reviews	On-going. Results posted in Board Book materials and on the TSUS webpage every quarter during the 2021 fiscal year.
Annual Risk Assessment and Audit Plan	Completed. Activity does not result in a written report, rather it results in the annual Audit and Compliance Plan. The <i>Fiscal Year 2022 Audit and Compliance Plan</i> is posted on the TSUS and components' webpages.
Internal Audit Annual Report	Completed. Internal Audit Annual Report, Texas State University System, 10-27-2020.
Continuing Education	Completed. Activity does not result in a report.
Special Projects	<ul style="list-style-type: none"> <li>➤ SP 21-03, hotline email, referred to Title IX.</li> <li>➤ State Auditor's Office Hotline Referral #21-6033, referred to University Police Department.</li> <li>➤ State Auditor's Office Hotline Referral #21-6188, response issued 8/18/2021.</li> <li>➤ Hays County District Attorney, ongoing investigation.</li> <li>➤ EthicsPoint # 57 – closed within the hotline system.</li> <li>➤ EthicsPoint # 58 – closed within the hotline system.</li> </ul>

	<ul style="list-style-type: none"> <li>➤ EthicsPoint # 59 – closed within the hotline system.</li> <li>➤ EthicsPoint # 60 – closed within the hotline system.</li> <li>➤ Respond to multiple Open Records Requests - completed.</li> <li>➤ Required migration to TeamMate+ - completed.</li> </ul>
Respond to System Administration Requests	On-going. Activity does not result in a report.
Audit Liaison Activities	<p>On-going. Activity does not result in a report issued by the Office of Internal Audit.</p> <ul style="list-style-type: none"> <li>➤ THECB, House Bill 1735 Compliance Review.</li> <li>➤ THECB, Restricted Research Expenditure Award Review.</li> <li>➤ U.S. Department of Labor, Wage and Hour Division Compliance Investigation.</li> <li>➤ Texas Education Agency, Texas School Safety Center Grant review.</li> <li>➤ Department of Justice, Community Oriented Policing Services (COPS) Preparing for Active Shooter Situations (PASS) awards.</li> <li>➤ Comptroller's Office, Benefits Replacement Pay Audit.</li> <li>➤ Comptroller's Office, Excise and Sales Tax Audit.</li> <li>➤ Comptroller's Office, Auditec Recovery Audit.</li> <li>➤ State Auditor's Office, Statewide Single Audit Follow-Up.</li> <li>➤ State Auditor's Office, Historically Under-utilized Businesses Audit Follow-Up.</li> <li>➤ Haynie &amp; Company, Texas Justice Court Training Center Grant Funds Audit (procured by the Justice of the Peace).</li> <li>➤ Montemayor Britton Bender PC, Annual Financial Report FY 2020 (Delegation 754-2021-001).</li> <li>➤ Atchley &amp; Associates, LLP, Emmett &amp; Miriam McCoy College of Business Administration Development Foundation Financial Statement Audit, FY 2021, (Delegation 754-2021-002).</li> <li>➤ James Moore &amp; Co., PL., NCAA Agreed-Upon Procedures, FY 2020 and 2021 (Delegations 754-2020-003 and 754-2021-004).</li> <li>➤ Montemayor Britton Bender PC, Student Financial Aid Title IV Audit FY 2021 (Delegation 754-2021-005).</li> <li>➤ Hays County District Attorney, ongoing investigation.</li> </ul>

#### PRIOR YEAR PROJECTS COMPLETED DURING FISCAL YEAR 2021

Project/Activity	Report Title/Report Number, and Date Issued to External Oversight Entities
Restricted General Operating Funds Audit	Completed. TXST-20-004 Restricted General Operating Funds Audit 12 16 2020, 12-17-2020.
Special Projects	<ul style="list-style-type: none"> <li>➤ SP 20-03 mailed complaint: Department of Curriculum and Instruction Employee Activity. Completed, summary provided to President and Department Chair.</li> <li>➤ EthicsPoint #51 – closed within the hotline system.</li> </ul>

### III. Consulting Services and Nonaudit Services Completed

The *International Standards for the Professional Practice of Internal Auditing* defines “consulting services” as advisory in nature, generally performed at the specific request of management. The *Government Auditing Standards* define “nonaudit services” as those activities which are not financial audits, attestation engagements, or performance audits. The following bulleted lists represent consulting and nonaudit services conducted during fiscal year 2021:

#### SYSTEM ADMINISTRATION

- Proposed changes and provided commentary on potential Rule changes for the Board’s consideration.
- Provided commentary on potential administrative policy changes at System Administration and various components.
- Prepared the audit delegation request for the TSUS Foundation audit.
- Researched a variety of issues at management’s request.
- Facilitated discussions between component personnel and an external service provider regarding anticipated scope of services for a contract amendment.
- Worked with other System Chief Audit Executives on legislative initiatives surrounding internal audit activities.
- Provided operational insight into information technology questions from executive leadership.
- Reviewed and commented on various iterations of “right to audit” clauses in draft contracts.
- Evaluated data related to the aging of student accounts and researched components’ policies and practices with regard to writing off accounts deemed uncollectible.
- Maintained the TSUS CPE Sponsorship with the Texas State Board of Public Accountancy as a registered CPE sponsor.
- Assisted components in reaccreditation efforts, and in particular, in assessing audit requirements and the timing of required audits.
- Collaborated with SHSU, SRSU, and System Administration personnel as SRSU purchasing activities transitioned to SHSU.
- Monitored and researched requirements related to the CARES Act, specifically the Higher Education Emergency Relief Funds (HEERF), and provided feedback to management regarding audit implications.
- Participated in all TSUS Sexual Misconduct Policy (includes Title IX) task force meetings.
- Facilitated Clery Annual Security Reviews with outside vendor at six campuses.
- Performed a Quality Assurance Review of the Texas State Technical College Internal Audit function.
- Participated in a Quality Assurance Review of the Texas A&M System Internal Audit function.

#### LAMAR COMPONENTS

- Prepared the audit delegation request for LSCPA financial statement review.
- Prepared the audit delegation request for LSCPA Student Financial Aid audit.
- Performed a review of the LU Financial Statement Audit and an analysis of data therein for the year ending August 31, 2019 and summarized results.
- Performed a review of the KVLU Financial Statement Audit and an analysis of data therein for the year ending August 31, 2020 and summarized results.
- Performed a review of the LIT Program Specific Audit of Student Financial Aid and an analysis of the data therein for the year ended August 31, 2019 and summarized results.



- Performed an analysis of NCAA-related financial information and communicated results to Board.
- Reviewed and commented on potential administrative policy changes at all components.
- Monitored and researched requirements related to the CARES Act, specifically the Higher Education Emergency Relief Funds (HEERF), and provided feedback to management regarding audit implications. Held initial discussions with management at all Lamar components and obtained preliminary data with regard to planned and actual HEERF expenditures.
- Reviewed LU staff council membership and election protocols and provided comments back to management.
- Researched a variety of issues at management's request at all components.
- Monitored and advised on IT business continuity at all components.
- Provided training to LU ISO and the LIT/LSCO/LSCPA ISO on use of certain aspects of Internal Audit's forensic tool.
- Advised management on IT systems and applications controls at all components.
- Continued periodic meetings with Lamar Component Presidents, Vice Presidents of Finance and Operations, Chief Information Officers, as well as other management to discuss activities or areas of concerns.
- Moved offices from offsite to a location on LU's campus and executed an Internal Memorandum of Understanding for server management and security with LU.

### **SAM HOUSTON STATE UNIVERSITY**

- Compiled a 4-year summary of significant audit issues to assist in the on-boarding of the new President.
- Prepared and sent email "blasts" reminding faculty, staff, and students of their responsibilities to and options for reporting suspected waste, fraud, and abuse.
- Initiated the process to create a mandatory fraud awareness training course for all SHSU faculty and staff.
- Held monthly meetings with the President, Deputy to the President, Provost & Senior VP for Academic Affairs, and Senior VP for Strategic Enrollment and Innovation.
- Monitored and researched requirements related to the CARES Act, specifically the Higher Education Emergency Relief Funds (HEERF), and provided feedback to management regarding audit implications. Held initial discussions with management and obtained preliminary data with regard to planned and actual HEERF expenditures. Drafted a system-wide HEERF audit program.
- Prepared the audit delegation request for the required NCAA Agreed-Upon Procedures engagement.
- Prepared the audit delegation request for an audit of the financial statements of the SHSU Charter School.
- Presented risk management training and introduced enterprise risk management (ERM) concepts to the Enrollment Success and Athletics Divisions.
- Performed an analysis of NCAA-related financial information and communicated results to Board.
- Consulted with Strategic Enrollment and Innovation Group (SEI) regarding risks associated with IT and SHSU reorganization and provided informal feedback.
- Consulted with SEI to address risks associated with SHSU's process of reviewing and vetting software for compliance with Texas Administrative Code 213.
- Consulted with Student Account Services and Student Financial Services on their business processes.
- Collaborated with SHSU, SRSU, and System Administration personnel as SRSU purchasing activities transitioned to SHSU.

- Reviewed the annual Asset Forfeiture report for the University Police Department.
- Researched a variety of issues at management's request.
- Served on the President's Council.
- Served as ex-officio member of the Critical Incident Response Team.
- Provided assistance to the Investigations and Audit Support division of the State Auditor's Office on two investigations.
- Consulted with the Controller's Office regarding compliance activities.
- Updated the SHSU Office of Internal Audit (OIA) informational brochure to educate the SHSU community regarding OIA activities and services offered.
- Developed partner relationship with the new Compliance Officer.

### **SUL ROSS STATE UNIVERSITY**

- Prepared and sent email "blasts" reminding faculty, staff, and students of their responsibilities to and options for reporting suspected waste, fraud, and abuse.
- Worked with Controller at Sam Houston State University in determining the amount to be reported as "Allowance for Doubtful Accounts" for the Annual Financial Report.
- Prepared a white paper regarding the history of Lawrence Sully Ross for the President's use.
- Evaluated data related to the aging of student accounts and discussed results with management.
- Monitored and researched requirements related to the CARES Act, specifically the Higher Education Emergency Relief Funds (HEERF), and provided feedback to management regarding audit implications. Held initial discussions with management and obtained preliminary data with regard to planned and actual HEERF expenditures.
- Provided talking points on a prior year's audit for use in discussions with a member of the legislature.
- Attended and participated in weekly operational meetings with SRSU Provost and the Deans.
- Collaborated with SHSU, SRSU, and System Administration personnel as SRSU purchasing activities transitioned to SHSU.
- Provided assistance to the accounting staff and System Administration during preparation of the annual financial report for fiscal year 2020.
- Worked with the Development Office on evaluating old grants and helped devise a plan to ensure their validity.

### **TEXAS STATE UNIVERSITY**

- Prepared and sent email "blasts" reminding faculty, staff, and students of their responsibilities to and options for reporting suspected waste, fraud, and abuse.
- Held monthly meetings with the President and periodic meetings with Vice President of Finance and Support Services and Chief Information Officer, as well as other management to discuss activities or areas of concerns.
- Researched a variety of issues at management's request.
- Reviewed and commented on potential administrative policy changes.
- Prepared the audit delegation request for an audit of the financial statements for the Emmett & Miriam McCoy College of Business Administration Development Foundation for Fiscal Year 2020.
- Prepared the audit delegation request for the NCAA Agreed-Upon Procedures audit for Athletics.
- Monitored and researched requirements related to the CARES Act, specifically the Higher Education Emergency Relief Funds (HEERF), and provided feedback to management

regarding audit implications. Held initial discussions with management and obtained preliminary data with regard to planned and actual HEERF expenditures.

- Performed an analysis of NCAA-related financial information and communicated results to Board.
- Prepared the audit delegation request for the review of Texas State's financial statements in support of the University's reaccreditation efforts.
- Prepared the audit delegation request for a Federal Student Aid (Title IV) audit and audits of financial aid programs for Fiscal Year 2020.
- Consulted with the Office of Research and Sponsored Programs regarding the audit reports to satisfy SACSCOC.
- Consulted with the Office of Institutional Compliance and Ethics regarding audits, investigations, and special projects.
- Served on the Business Services Council.
- Served as ex-officio member of the Human Resources Stakeholders Team.

#### IV. External Quality Assurance Review (Peer Review)

Texas Government Code 2102 requires periodic external assessments of the audit function for compliance with applicable professional standards. The following excerpt is the most recent independent external validator's statement regarding the TSUS internal audit function, based on criteria outlined in the Institute of Internal Auditors *Quality Assessment Manual for the Internal Audit Activity*. There are three ratings that can be given. The validator rated the TSUS internal audit function with a "Generally Conforms" rating, which is the best rating available.



# Texas State University System

## INDEPENDENT VALIDATION OPINION REPORT

### QUALITY ASSURANCE SELF-ASSESSMENT REVIEW

November 2019

Prepared by:  
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Texas State University System – 2019

## OVERVIEW

As required by the Texas Internal Auditing Act (article 6252-5d, V.A.C.S.) and the Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (IIA Standards)*, a quality assurance review (QAR) was conducted of The Texas State University System (System) internal audit activity. The IIA Standards require that internal audit activities obtain an assessment either through an external review or a self-assessment quality assurance review, with an independent validation.

As an independent reviewer, I was engaged to conduct a validation of the self-assessment that was conducted by the System Office of Audits and Analysis. The primary objective of the validation was to independently verify the assertions made in the System's attached self-assessment report regarding adequate fulfillment of the expectations of the IA activity by the Audit and Finance Committee of the Board of Regents and its conformity to the *IIA Standards*. An additional objective was to provide recommendations that the reviewer deems may be of value to the System IA activity. Matters that might have been reviewed and reported on in an external review, such as an in-depth analysis of best practices, governance, and use of advanced technology, were excluded from the scope of this review.

In acting as a validator, I am fully independent of the System and have the necessary knowledge and skills to undertake this engagement. The validation was conducted from November 19 through November 22, 2019. It consisted primarily of a review and testing of the procedures and documented results of the self-assessment conducted by the System's IA review team. It also included a review of a limited sample of various audit workpapers; an evaluation of responses to surveys distributed to System Administration executives, component Presidents and management, and audit staff; and interviews with the audit staff, Finance and Audit Committee Chair of the Board of Regents and the Texas State University System Chancellor.

Texas State University System – 2019

 **OPINION**

Based upon my interviews, workpaper reviews, and a review of the work conducted by the IA review teams, I concur with the conclusion that the internal audit activity at the System Office of Audits and Analysis (OAA) and the four component locations, the Texas State University, Lamar University, Sam Houston State University, and Sul Ross State University, **generally conforms** to the applicable *IIA Standards* and the Texas Internal Auditing Act.

This opinion, representing the best possible evaluation, means that there are in place the relevant structures, policies, and procedures, including the processes by which they are applied, that comply with the *IIA Standards* and the Texas Internal Auditing Act in all material respects. The workpapers documenting the self-assessment conducted by the System's IA review team showed that the review was appropriately documented by the team and the opinion appears to have been objectively developed.



Richard H. Tarr, CIA, CISA

## V. Audit and Compliance Plan for Fiscal Year 2022

The TSUS Office of Internal Audit prepares a consolidated audit and compliance plan (“Plan”) for TSUS components and System Administration. 28,925 hours have been budgeted for activities/projects included in the Plan (including travel and administrative time). The TSUS Board of Regents approved the Plan on August 13, 2021.



# Office of Internal Audit

## Audit and Compliance Plan

### Fiscal Year 2022



**Carole M. Fox, CPA**

**Chief Audit Executive, Texas State University System**

**Charles Gregory, CISA, CGEIT**  
**Director, Texas State University System**

**Ramona Stricklan, CIA, CFE**  
**Director, Lamar Components**

**Kelly Blissett, CPA, MBA**  
**Director, Sam Houston State University**

**Scott Cupp, CIA, CCA**  
**Director, Sul Ross State University**

**Steven R. McGee, CPA, CIA**  
**Director, Texas State University**

**Kelly Wintemute, CCEP, MBA**  
**Compliance Officer, Texas State University System**

## TABLE OF CONTENTS

INTRODUCTION AND PURPOSE.....	1
AUDIT AND COMPLIANCE PLAN.....	3
APPENDIX A: RISK-BASED FUNCTIONAL AREAS.....	4



## INTRODUCTION AND PURPOSE

The *Fiscal Year 2022 Audit and Compliance Plan* (“Plan”) documents functional areas the Office of Internal Audit intends to devote resources to during fiscal year 2022. The Plan satisfies statutory responsibilities outlined in Section 2102.008 of the Texas Government Code, the Texas State University System *Rules and Regulations*, and applicable auditing standards. The number of hours budgeted to perform all activities in the Plan totals 22,957.

### Plan Categories

The Plan is divided into three different categories:

- **Statutory Audits and Activities:** Projects required by law for all institutions and System Administration.
- **Risk-Based Functional Areas:** Projects allocated amongst the institutions based on risks identified during the annual risk assessment process and subsequently categorized by functional area. The presentation of these projects is different than in prior years: rather than listing the specific projects to be performed at each institution and System Administration, the Plan identifies the functional areas where projects will be performed. See the section entitled “Risk Assessment Process” below for more information.
- **Other Activities:** Projects required by grant agreements or third parties; consulting and advisory services; special projects such as time-sensitive management-requested reviews or investigations; identification and communication of emerging compliance requirements; liaising with external auditors; and other functions designed to assist management in mitigating risks.

### Risk Assessment Process

Because of the increase in the number of statutorily-required projects and activities, audit resources available for risk-based projects have diminished. Therefore, it is critical that such projects focus on areas where independent reviews will provide the most value to the Texas State University System as a whole. In order to identify such projects, the Office of Internal Audit uses a two-phase risk assessment process.

The first phase is the annual risk assessment, used to build this Plan. (Texas Government Code 2102.005 requires audit plans to be developed “*utilizing risk assessment techniques.*”) The collective risk assessments performed at the institutions and System Administration included, but were not limited to, the following:

- Soliciting input from the Board of Regents, the Chancellor, Vice-Chancellors, and Component Presidents and management;
- Consulting with oversight entities regarding emerging concerns;
- Considering national trends within higher education;
- Evaluating materiality;
- Assessing the potential impact of negative public scrutiny; and
- Utilizing professional judgment and knowledge gained from prior projects regarding areas of risk.

The risk assessments considered a myriad of risks, including those associated with the impact of COVID-19, fraud, contract management, benefits proportionality, and information technology (including those associated with Title 1, Texas Administrative Code, Chapter 202, *Information Security Standards*). The risk assessments also considered work performed by external auditors, institutional risk appetites, and activities for which assurance or consulting engagements would be most helpful to management.

Upon completion of the annual risk assessment, identified risks were categorized into various functional areas, such as Financial Management, Academics and Instruction, and Outsourced Services. In creating the functional areas, we considered the various organizational structures within the Texas State University System, the Risk Dictionary classifications created by the *Association of College and University Auditors*, and the functional expense classifications promulgated by the *National Association of College and University Business Officers* for financial statement reporting purposes.

Each functional area contains numerous activities, processes, and operations that could be the subject of an audit. (See Appendix A.) Except for compliance reviews (which are typically conducted on a system-wide basis), the various functional areas and the specific projects selected for review in those functional areas vary amongst the institutions and System Administration depending on the level of risk. For example, a project in the Financial Management functional area at Lamar University could involve an audit of accounts payable, while a project in the Financial Management functional area at Sul Ross State University could involve an audit of accounts receivable. There could be no projects (or multiple projects) in the Financial Management functional area at Sam Houston State University.

The second phase (of risk assessment) occurs when audit resources become available to commence a project in a designated functional area. Although the first phase of the risk assessment provides clear indicators of auditable units that would benefit from review, some units are of higher risk than others, and sometimes, risks identified during the annual risk assessment become mitigated as time passes. Therefore, as project planning begins, we conduct additional assessments to pinpoint the activities best suited for review. This approach affords us the flexibility to ensure emerging risks are timely reviewed.

As in prior years, there may be circumstances that require us to devote resources to activities not outlined in the Plan. Per the *Rules and Regulations*, significant changes to the Plan require approval by the Chair of the Finance and Audit Committee. Also, consistent with prior years, the risk assessment identified high risk areas that were not included in the Plan due to finite resources.

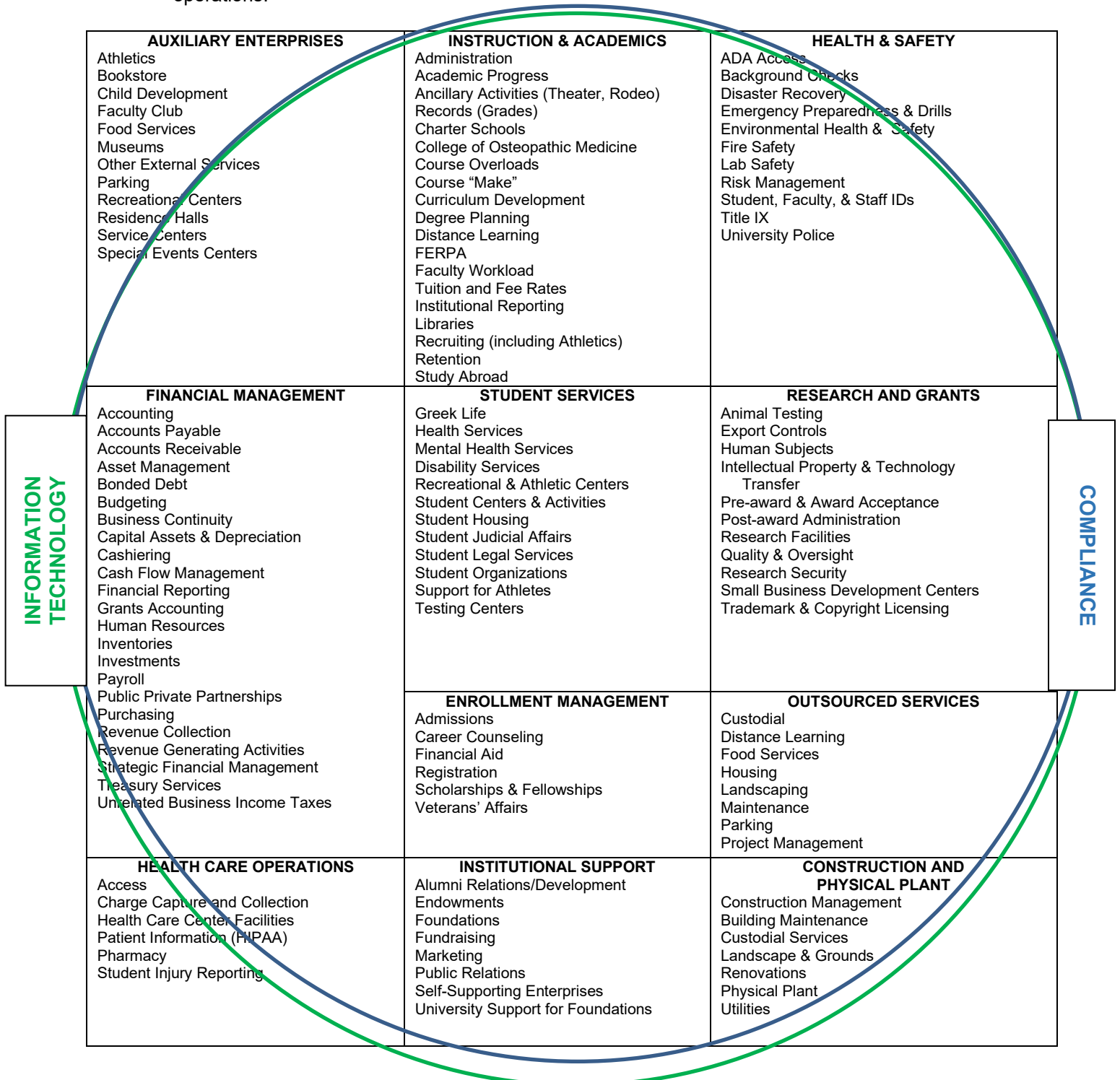
The Plan appears on the following page. Checkmarks, which can represent one or more planned projects, are used to identify the functional areas at individual institutions and System Administration where the Office of Internal Audit plans to devote resources throughout the year.

**TEXAS STATE UNIVERSITY SYSTEM  
AUDIT AND COMPLIANCE PLAN - FISCAL YEAR 2022**

<b>STATUTORY AUDITS AND ACTIVITIES</b>								
	<b>LU</b>	<b>SHSU</b>	<b>SRSU</b>	<b>TXST</b>	<b>LIT</b>	<b>LSCO</b>	<b>LSCPA</b>	<b>System Administration</b>
SB 20 – Annual Review	✓	✓	✓	✓	✓	✓	✓	✓
SB 20 – Contract Administration	✓	✓	✓	✓	✓	✓	✓	✓
Benefits Proportionality	✓	✓	✓	✓	✓	✓	✓	✓
THECB Facilities Audit				✓				
Follow-Up Reviews	✓	✓	✓	✓	✓	✓	✓	✓
Risk Assessment and Audit & Compliance Plan	✓	✓	✓	✓	✓	✓	✓	✓
Annual Internal Audit Report	✓	✓	✓	✓	✓	✓	✓	✓
Title IX Quarterly Reporting	✓	✓	✓	✓	✓	✓	✓	✓
Continuing Education	✓	✓	✓	✓	✓	✓	✓	✓
<b>RISK-BASED FUNCTIONAL AREAS (See Appendix A)</b>								
CARES (COVID-19) - Institutions	✓	✓	✓	✓	✓	✓	✓	
CARES (COVID-19) - Minority Serving Institutions	✓	✓	✓	✓			✓	
Auxiliary Enterprises		✓		✓				
Instruction and Academic Support		✓	✓	✓	✓			✓
Health & Safety	✓	✓	✓	✓	✓	✓	✓	
Financial Management	✓	✓		✓	✓			
Student Services	✓	✓	✓	✓	✓	✓	✓	
Enrollment Management		✓		✓				
Research and Grants		✓	✓	✓				
Outsourced Services				✓				
Health Care Operations	✓	✓	✓	✓	✓	✓	✓	
Institutional Support				✓				
Construction and Physical Plant	✓	✓	✓	✓			✓	
Information Technology	✓	✓	✓	✓	✓	✓	✓	✓
<b>OTHER ACTIVITIES</b>								
Special Projects	✓	✓	✓	✓	✓	✓	✓	✓
Third-Party Required Projects		✓	✓	✓				
SACSCOC Assistance							✓	
Audit Liaison Activities	✓	✓	✓	✓	✓	✓	✓	✓
Compliance Newsletter	✓	✓	✓	✓	✓	✓	✓	✓

## APPENDIX A: RISK-BASED FUNCTIONAL AREAS

This chart depicts examples of (but not all) subprocesses/activities within each functional area, many of which overlap. These activities represent potential auditable units; however, some activities inherently have higher risks than others. Finite resources preclude audits of every activity listed, including those known to have higher risks. Therefore, the absence of check-marks in the Plan for risk-based audits means that no work is planned in the corresponding functional area(s). Information technology and compliance risks surround all of the functional areas and exist within all operations.



## VI. External Audit Services Procured in Fiscal Year 2021

- System Administration contracted with the following firms:
  - R.L. Townsend & Associates, Construction Audits (Delegation 758-2018-002)
    - LIT: Technical Training & Education Building
    - LU: Setzer Center
    - SHSU: Arts Complex
    - SHSU: College of Osteopathic Medicine
    - Texas State: Ingram Hall
    - Texas State: University Events Center
  - Allman & Associates, TSUS Foundation Audit (Delegation 758-2020-003).
  - Consulting services: Dolores Stanford and Associates, Clery Review
  
- Lamar University contracted with the following firms:
  - Weaver and Tidwell, LLP, for NCAA Agreed-Upon Procedures for the Athletic Department's Statement of Revenues and Expenditures for the fiscal year ended August 31, 2020 (Delegation 734-2020-002).
  - Mitchell T. Fontenote, CPA, for an audit of KVLU FM Radio Station's fiscal year 2020 financial statements (Delegation 734-2020-001).
  
- Lamar State College Port Arthur contracted with the following firm:
  - Belt Harris Pechacek, LLLP, Financial Statement Review (Delegation 788-2021-001).
  - Weaver and Tidwell, LLP, Program Specific Student Financial Assistance Cluster (Title IV) Audit (Delegation 788-2021-002).
  
- Sam Houston State University contracted with the following firms:
  - Belt Harris Pechacek, LLLP, Charter School Annual Financial Report FYE 8-31-2020 (Delegation 753-2021-001).
  - Webb & Wells, PC, Intercollegiate Athletics Agreed-Upon Procedures (Delegation 753-2021-002).
  
- Texas State University contracted with the following firms:
  - Montemayor Britton Bender PC, Annual Financial Report FY 2020 (Delegation 754-2021-001).
  - Atchley & Associates, LLP, Emmett & Miriam McCoy College of Business Administration Development Foundation Financial Statement Audit, FY 2021, (Delegation 754-2021-002).
  - James Moore & Co., PL., NCAA Agreed-Upon Procedures, FY 2020 and 2021 (Delegations 754-2020-003 and 754-2021-004).
  - Montemayor Britton Bender PC, Student Financial Aid Title IV Audit FY 2021 (Delegation 754-2021-005).

## VII. Reporting Suspected Fraud and Abuse

The TSUS has taken the following actions to ensure compliance with requirements of Section 7.09, Fraud Reporting, General Appropriations Act (86th Legislature), Article IX, Page IX-37 and Section 7.09, page IX-38, the General Appropriation Act (87th Legislature):

- The TSUS contracts with EthicsPoint, an internet-based fraud reporting hotline. On the main webpage for TSUS, there is a link entitled [Report Fraud & Abuse](#), which redirects to the EthicsPoint mechanism for reporting suspected fraud, waste or abuse.

The link also appears on each TSUS component's homepage. Further, each component sends periodic email reminders to its employees regarding confidential avenues for reporting concerns about potential waste, fraud, and abuse of resources; the lack of compliance with laws, regulations, and/or University policies and procedures; or violations of the TSUS's Code of Ethics.

Additionally, there is a link to the State Auditor's fraud reporting hotline on the TSUS webpage and each component's webpage.

Lastly, Texas State University has a local hotline that is monitored by the Office of Internal Audit.

- The TSUS Rules and Regulations place specific requirements for employees to report suspected waste, fraud, or abuse and delegates responsibility to the Chief Audit Executive to report such matters to the State Auditor's Office.
- The TSUS is aware of and complies with the requirements of Texas Government Code, Section 321.022, regarding reporting to the State Auditor's Office those situations where a reasonable cause to believe that money received from the state may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred. The TSUS Rules and Regulations explicitly state: "*Texas State University System, through the Chief Audit Executive, will report suspected fraud or unlawful conduct to the State Auditor's Office (SAO) if he or she knows of facts pointing to fraud or unlawful conduct.*" The Office of Internal Audit conducts reviews into complaints regarding potential waste, fraud, or abuse (including complaints forwarded to the TSUS by the State Auditor's Office) and provides a written response summarizing the results of those reviews.